

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
LILLIAN WATERBURY (USPS-T-10) TO INTERROGATORIES OF
GROWING FAMILY, INC. (GF/USPS-T10-3 and 5)
(July 14, 2006)

The United States Postal Service hereby provides the responses of witness Lillian Waterbury (USPS-T-10) to the following interrogatories of Growing Family, Inc., filed on June 30, 2006:

GF/USPS-T10-3 and 5

GF/USPS-T10-4 and 6 have been redirected to witness Berkeley (USPS-T-39). Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF USPS WITNESS WATERBURY (USPS-T-10) TO
INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T10-3. In response to GF/USPS-T10-1(c), you stated your understanding that declines in indemnities are due to declining volumes.

(a) Have you been advised by anyone at the Postal Service that, starting in around the spring of 2005, the amounts paid on claims filed by the Postal Service's largest COD customer (or any customer) began to be calculated on a different basis, resulting in substantially lower indemnity payments?

(b) If you had been aware at the time of your forecasts that there was such a change in payment practices on COD indemnity claims, would you have taken those reduced payments into account in forecasting test year indemnity payments?

(c) Please recalculate the test year indemnity payments based upon the Postal Service's present claims payment policy.

RESPONSE:

(a) No.

(b) In order for me to take account of such a change in practice or policy, I would need to receive input or information from a source such as base year or final adjustments.

(c) Because I do not have any input or information that there has been a change in practice or policy, I am unable to make such a recalculation.

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GF/USPS-T10-4. In response to GF/USPS-T10-1(e), you state that the COD indemnity payments for FY2003 amounted to \$1,477,000 and in FY2004 amounted to \$2,214,000. Please explain the reason(s) for this 50% increase in claims paid from FY2003 to FY2004.

RESPONSE:

Redirected to witness Berkeley (USPS-T-39).

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GF/USPS-T10-5. In response to GF/USPS-T10-2(b), you refer a question concerning the breakdown of COD packages and claims paid between rural and city carriers to witness Berkeley. Her response to GF/USPS-T39-1(b) states that “no breakdown by carrier type is available.” Please explain why, as confirmed in your response to GF/USPS-T10-2(a), the variable rural carrier costs attributed to COD service are twice as high as the variable city carrier costs attributed to COD service, and as part of your answer, please list the steps you took to obtain the information required to respond to this request.

RESPONSE:

For FY2006, the volume variable rural carrier costs (component 260) attributed to COD are approximately twice as high as the volume variable city carrier costs (component 257) attributed to COD. This is because the process used to “roll forward” COD costs for FY2006 begins with COD costs for the Base Year (BY2005); and since the volume variable rural carrier costs attributed to COD for BY2005 (\$1,835,000) are approximately twice as high as the volume variable city carrier costs attributed to COD for BY2005 (\$913,000), the COD costs for FY2006 are impacted accordingly.

Please refer to testimony of USPS-T-10, pages 8 through 11, for list of steps to roll forward costs from Base Year 2005 to Test Year 2008.

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GF/USPS-T10-6. (a) Please confirm that in a March 10, 2006 letter to counsel for Growing Family, attached to Growing Family's Second Interrogatories to Postal Service Witness Berkeley, Delores Killete, the Postal Service's Vice President and Consumer Advocate, stated that "[t]he delivery system established by the Postal Service provides scans to record events for COD deliveries, such as, Acceptance, Arrival at Unit, Notice Left, Refused, Unclaimed, and Delivered."

(b) Please explain why, in light of this system of scans to record these steps, it is not possible to segregate COD parcels delivered by city carriers from those delivered by rural carriers.

(c) Please explain why this system of scans does not permit the matching of COD claims with COD parcels.

RESPONSE:

Redirected to witness Berkeley (USPS-T-39).

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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